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House of Representatives

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BERNARD SANDERS VERMONT
INDEPENDENT

June 20, 2000

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

I am writing to request that you direct the Environmental Protection Agency (EPA) to grant a waiver to the Chicago and Milwaukee areas for EPA's recently promulgated reformulated gasoline (RFG) standards.

Refiners serving the Chicago-Milwaukee areas use ethanol instead of MTBE (the additive used in most other urban areas) to meet the oxygenate requirements of the RFG program. New requirements for phase two of this program, which took effect June 1, 2000, have made it more difficult and costly to manufacture reformulated gasoline with ethanol. EPA estimated the impact of the phase two requirements at 5 to 8 cents per gallon.

In reality, reformulated gasoline prices in Chicago and Milwaukee are significantly higher than reformulated gasoline prices elsewhere in the country. According to the Congressional Research Service (CRS), EPA's new reformulated gasoline standards are responsible for half of the price increase, or approximately 25 cents per gallon – three to five times higher than EPA's original estimate. CRS also estimates that transportation bottlenecks have boosted regional gas prices by another 25 cents per gallon.

Unfortunately, rather than address a root cause of the price spike – the RFG program – EPA Administrator Carol Browner and Vice President Al Gore are attempting to shift the blame onto petroleum refiners. Indeed, Ms. Browner requested that the Federal Trade Commission investigate possible "price gouging" by refiners. There is no evidence to support such allegations. Instead, Ms. Browner should investigate whether EPA's policies, such as EPA's recent New Source Review enforcement action against refiners, have aggravated the impact of OPEC's price hike by thwarting investment in new refining capacity.

In any event, CRS's analysis suggests that suspending the RFG requirement would bring down gas prices in Milwaukee and Chicago by 25 cents per gallon. The Federal Government should not punish innocent consumers because of EPA's economic miscalculation. Since Ms. Browner refused to grant the Chicago-Milwaukee area a waiver to provide some relief to consumers in this region, I am appealing directly to you for such a waiver.

Sincerely,

A handwritten signature in black ink that reads "David McIntosh". The signature is written in a cursive, flowing style.

David M. McIntosh
Chairman
Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs

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Sincerely,



David M. McIntosh
Chairman
Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs

bcc: The Honorable Dan Burton
The Honorable Dennis Kucinich